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SUBJECT: REMITTANCES EQUAL ONE-FIFTH OF JORDAN'S GDP

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¶1. (U) Summary: An estimated 260,000 Jordanians currently work abroad, many in information technology (IT) in the Gulf due to more opportunities and higher salaries. In 2006, remittances totaled \$2.54 billion, equaling 19.6% of Jordan's gross domestic product, more than any single industry, and a large source of foreign currency. The importance of remittances from the Gulf has tied Jordan's economy to that of oil-producing countries. End Summary.

Importance of Remittances to Economy

¶2. (U) The number of Jordanians abroad has stayed at about the same level, approximately 260,000, since 2000. The number declined dramatically in 1991 following the first Gulf War when three hundred thousand Jordanians were expelled from Gulf states who accused Jordan of siding with Iraq during its invasion of Kuwait. As political relations improved in the late 1990s, the number of Jordanian workers abroad increased.

¶3. (U) Worker remittances, defined as money sent to Jordan by Jordanians working or living abroad, represent a significant part of Jordan's economy. In 1991, worker remittances as a percentage of GDP fell to 9 percent, but have been between 15 and 20 percent of GDP since 1994. In 2006, expatriate workers sent \$2.54 billion to Jordan, up from \$1.93 billion in 2002. Remittances now equal 19.6% of Jordan's gross domestic product (GDP), among the world's highest percentages. The World Bank reports that this figure accounts for remittances sent through formal channels only, mainly banks, and informal channels could increase total remittances by 50 percent. Remittances augment Jordan's domestic savings and allow Jordan to import far more than it exports. Remittances, along with tourism receipts and foreign direct investment in construction and manufacturing, are the largest sources of foreign currency for Jordan.

Where Are They Working?

¶3. (U) An estimated 260,000 Jordanians, mostly Jordanians of Palestinian origin, work abroad today, primarily in Saudi Arabia, Kuwait, United Arab Emirates and other Gulf countries. Unlike Palestinian counterparts in Syria or Lebanon, most Jordanian Palestinians are issued a passport which gives them the opportunity to work abroad. According to U.S. Census data, 47,000 Jordanians are living in the United States, of whom 60 percent have naturalized. Ten percent of them are enrolled in college or graduate school.

¶4. (SBU) Rami Adwan, Consulting Director for DevoTeam Middle East, an IT consulting firm, agreed that the majority of expatriate Jordanians are working in the Gulf. He added, however, that many would prefer to emigrate to Europe or North America but are unable to because of visa requirements. He said that Europe is a closed

labor market with high unemployment, and Canada has a four-year wait for visas and a three-year residency requirement. In contrast, the process for Saudi Arabia and the Gulf is very easy, he noted, and whenever his company is awarded work in Saudi Arabia, they are also awarded residency permits.

¶12. (U) According to a September article in Middle East Economic Digest (MEED), Gulf companies are actually under government pressure to replace foreign workers including Jordanians with locals. A MEED-commissioned survey found that 72 percent of respondent Gulf companies said local hires had inadequate skills and a lack of qualifications, and 50 percent said local wage expectations were too high. While the Saudi government seeks the "saudization" of its work force, according to MEED, Jordan and Lebanon were named as the countries from which business owners most wanted to hire local staff. Jordan and Lebanon were also named by MEED and respondents as having the highest quality college graduates.

¶13. (U) A September report by Oxford Business Group projected that employment of Jordanian workers in the Gulf will continue to be high, especially while the price of oil remains high. The World Bank concurred that the economies of Saudi Arabia, UAE, Kuwait and the other Gulf countries have been growing quickly over the last four years and are forecast to do well in the years ahead. The World Bank also noted the demand for Arabic-speaking labor in Gulf particularly in telecommunications, information technology, medicine, education, finance, training, consulting and management.

Why Are They Abroad?

¶15. (SBU) Post contacts unanimously agreed that expatriate Jordanians were abroad because of more and better work opportunities and higher salaries. Adwan said that the number of Jordanian IT professionals

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working abroad dwarfs the number working domestically, because 90 percent of the Middle East's IT work is in the Gulf - 60 percent of it is in Saudi Arabia alone. Abdelmajeed Shamlawi, the director of an IT consulting firm in Jordan, said that IT salaries in the Gulf are double or triple Jordanian salaries, which he said average about \$420/month for entry level, \$1100/month mid-level, and \$2100-\$2800 for senior level. Many interlocutors commented that the cost of living can also be higher in the Gulf, particularly in Dubai.

¶16. (U) In addition to going to the Gulf for higher salaries, Jordanian college graduates are going abroad because Jordan's economy cannot absorb them all. Shamlawi said that Jordan is graduating 6,000 technical/IT graduates each year. He said about 2,500 can be absorbed into the Jordanian technology sector, while the rest are split between leaving Jordan for work, going to school, not working, or finding non-technical work. The Jordanian government is aware of the mismatch between graduates and opportunities. Minister of Information and Communication Technology Bassem Rousan told EconOff that one of the major goals for Jordan and his ministry is to increase the number of domestic IT workers from 12,000 to 33,000, and to retain more of the 6,000 annual technical graduates.

¶17. (U) Issa Gammoh, Assistant CEO at Jordan Investment Board, said he has seen a switch in thinking with more recent graduates making it a priority to stay in Jordan, especially as salaries in Jordan have improved. Sabri Tabaa, CEO at Int@j, Jordan's IT industry association, said that IT salaries have grown in the last 18 months but still do not match Gulf salaries. Gammoh and others said Jordanians spend time abroad often to achieve a particular financial goal, such as buying a first home.

How Long Do They Stay Abroad?

¶18. (U) Shamlawi said that most people go to the Gulf for two to four years and return more experienced, and able to command higher salaries than if they had stayed in Jordan. Shamlawi said that Jordanians want to return to Jordan because there is no comparable social life in Kuwait, Qatar, or Saudi Arabia. Tabaa added that

Jordanians who go to Saudi Arabia usually return, but said that expatriates in Dubai usually stay abroad.

¶9. (U) Adwan disagreed vigorously that most expatriates are abroad only temporarily. He said he knew very few with plans to return to Jordan permanently, and that those who do return typically have a sick parent or other family responsibilities. He said a fair number, like himself, commute weekly, spending weekends in Jordan and weekdays in Saudi Arabia. Hisham Salaitah, Customer Satisfaction Manager at Royal Jordanian Airlines, said that traveling expatriates are a significant percentage of their Jordanian passengers.

Who Remains in Jordan?

¶10. (U) Geoffrey White, a consultant working for Lufthansa Consulting said that Jordanians from prominent, typically non-Palestinian, families are unlikely to want to work abroad. He said their access to interesting work is better in Jordan because of their family connections. Hani Ashour, President of Food City, said that it can be hard to find work in the Gulf without professional qualifications and that non-professionals are more likely to stay in Jordan.

Comment

¶14. (U) Remittances are clearly a key pillar of Jordan's economy and allowing citizens here a higher standard of living. A recession in the Gulf or a decline in oil prices, however, will be felt immediately in Jordan, in effect rendering Jordan a cyclical oil-based economy even in the absence of oil. There is large disagreement among our contacts whether the spread of Jordanians worldwide is good or bad for Jordan. Some business owners argue that the Gulf is only a two-hour flight away, and Jordanians in the Gulf should be considered the same as families dispersed throughout the United States. Others believe Jordan could potentially lose an entire generation of its best and brightest.

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